

BOSTON BOARD OF TRADE.

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THE

REPORT OF THE COMMITTEE

ON A RESOLUTION

SUBMITTED TO THE GOVERNMENT OF THE BOARD,  
FEBRUARY 1, 1858,

BY JAMES C. CONVERSE,

ON THE

SUBJECT OF THE BRANCH HOUSE SYSTEM,

FOR THE SALE OF

GOODS MANUFACTURED IN MASSACHUSETTS, AND IN THE ADJOINING  
STATES, ON BOSTON CAPITAL.

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Presented at the Regular Meeting of the Government,  
Dec. 6th, 1858.

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BOSTON :

ALFRED MUDGE & SON, PRINTERS, 34 SCHOOL ST.,

1858.

At a meeting of the Government of the Board of Trade, held Dec. 6th, 1858, the following Report was submitted and discussed; when, upon motion of Charles O. Whitmore, Esq.,

*Voted*, That the Report be recommitted to the same Committee, and that they have full power to take such measures as they may think best to give it practical effect.

In pursuance of their duty, the Committee submitted the Report at a meeting of gentlemen interested in the general subject, held Dec. 15th, at the Rooms of the Massachusetts Hospital Life Insurance Company, Hon. Charles G. Loring presiding. The Report was read, and, after remarks by sundry gentlemen, the following vote was adopted on motion of the Hon. David Sears, "That the Report be approved, and that it be recommended to the Board of Trade to publish and circulate the same."

At the suggestion of Hon. William Appleton, a second meeting was held at the same Rooms, Dec. 17th, Hon. Thomas G. Cary presiding, when the Report was again read and further discussed; and, upon motion of Hon. William T. Andrews, seconded by Hon. Albert Fearing, the following vote was adopted, namely:

*Voted*, That the reasonings and recommendations of the Report meet the approval of this meeting, and that we concur in the vote passed at the previous meeting held on the 15th inst.

# REPORT.

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THE Special Committee appointed to consider,

What has been, and what is likely to be, the effect upon the business of Boston, of the establishment of Branch-houses in New York and Philadelphia, for the sale of Goods manufactured in this Commonwealth and in the adjoining States, from the capital of Boston and of Massachusetts generally: and to consider, also, whether any action on the part of this Board is desirable, to the end of the withdrawal of these houses for the purpose of securing to this City the entire sale of such Goods in first hands: have given very careful thought to the subject, and ask leave now to present their views.

The task assigned to your Committee is sufficiently delicate; but, since the prosperity of Boston is the paramount consideration, our sentiments will be uttered with all freedom. We are met, at the outset, with the objection, that, as the Branch-houses in question are individual concerns, founded by gentlemen of well known skill and ability, and of large experience in this particular department of affairs, any judgment pronounced by us, or by the Government of this Board, whether to approve or to disapprove of the measure, will be an interference with private business. With all deference, it is not so. Every subject which is discussed by this, or by any similar organization, is, in some sense, open to the remark of intrusion upon the rights of persons or of corporations.

But since the principal aim of a Board of Trade, or of a Chamber of Commerce, is to ascertain, and to correct, evils in



trade and commerce, neither association could be of service, and both would soon cease to exist, were their inquiries to be limited to cases in which there should be no suggestion of intermeddling with some person or thing. Besides, the branch-house system was not devised after mature deliberation, but its origin was rather incidental. Its history may be thus briefly stated: About the year 1846, when there was a large accumulation of certain kinds of goods in this market, one or more leading houses sent agents to New York with the view of effecting sales in anticipation of the regular demand. Sample bales were at first exhibited, and sales were made with considerable success. It also happened that the agencies were conducted by gentlemen well acquainted with that market, and with strong local attachments to New York, and with little or no interest in Boston. The result very naturally was the establishment of the first branch-houses for the sale of cotton goods, manufactured from Boston capital. Other commission merchants followed from time to time, on the ground of necessity, and in order to secure a fair share of the trade.

The end is, the formation, in the lapse of a few years, of nineteen branches, and the annual sale of goods of the value of twenty-five millions of dollars. Unless we mistake, had some of the parent houses seen the consequences, the step would not have been taken; and unless, too, we greatly err, some of them would now gladly abolish the system, could *all* be induced to come into the measure. While, then, we recognize among the merchants who founded, and who still manage these branches, some of the most honored names that adorn the annals of Boston, we can find no sufficient reason for forbearing to discuss the propositions referred to us, with entire liberty, and in the manner usual to Committees of this Board.

In disposing of the suggestion of interference with private concerns, we are met with another, namely, that purchasers have acquired the "*habit*" of resorting to New York, and cannot be persuaded to go elsewhere.

This objection seems almost too trivial to merit serious refutation. The fluctuations in the fashions of every-day life, are continually qualifying the tastes and changing the



habits of all classes ; and, in business affairs, nothing is more certain than that *interest* and not “ *habit* ” governs the course and establishes the laws of trade. The conclusion of some, that buyers will not come to Boston, is also in conflict with the soundest maxims. Your Committee have been bred to believe that the seller should keep his goods at home, and allow the purchaser to come to him: that the removal of commodities from one place to another, does not permanently disturb the commercial law of demand and supply, and does not increase consumption: that buyers naturally seek the markets nearest to the point of production, because such markets are the cheapest:—that any desirable article of merchandise will be sought for wherever to be found, before an inferior article will be taken as a substitute: and that forced private sales are generally injurious to the seller ; and hence, have been led to suppose that, if the fabrics of New England, made from Boston capital, are really wanted for use at home, or for export to foreign countries, purchasers would be sure to resort to our own warehouses in quest of them.

The absorbing question is, therefore, not whether buyers can be induced to come to Boston, but whether Boston shall be made the sole place for the sale of our manufactures ; and upon its decision will depend more than upon any other which is likely to arise in a generation to come, the growth and prosperity of this City, and the value of the manufacturing interests of New England generally. Let this question, then, be considered with that deliberation, candor, and judgment which our merchants and capitalists should bestow upon a subject vital to their welfare—upon a subject quite as important as immunities and tariffs granted or imposed by government.

If, as we have intimated, the existence of the system of branch-houses is regretted by some of those by whom it was instituted, and by many who have since adopted it: if it be regarded as a system to be continued not because of the advantages which it brings in the aggregate, but because of a mutual necessity for making it general or for abandoning it altogether, nothing can be surer than that concert of action alone is necessary to accomplish the latter result.



Your Committee favor the abolishment of that system at once, and a return to Boston.

The arguments to this end will necessarily extend through the body of this Report: but we are able to fortify them in advance by presenting an example of what has been accomplished by a similar effort to that now recommended, in another branch of business, which has become greater in New England than even the manufacture and sale of cotton fabrics.

The boot and shoe trade to-day, constitutes the largest manufacturing interest, not only of Massachusetts, but of the whole country. It is also safe and prosperous beyond most others, *and its vigor and stability are attributable mainly to the adoption of the plan of sales at home.* Let us look at some facts in its history. Previous to the year 1825, the boot and shoe trade maintained but a feeble and flickering existence; it was insignificant in amount, and unremunerative in its results. The custom of the manufacturers was to send their goods after purchasers, and to incur the expenses and risks incident to that practice: and it turned out that a majority of them failed as often as once in every seven years. At this period, the whole business in Massachusetts could hardly have been estimated by millions of dollars, and nearly the entire sale was made by consignments to southern and western markets. But about the year 1830, an important change in this particular was commenced: the plan of foreign sales through branch-houses or by consignments, was very generally *abandoned*, and the policy of selling exclusively at our own warehouses and of limiting the manufacture to the demand, was substituted. During the seven years that followed, and until the great crisis of 1837, the business was very prosperous, and rose in amount to fourteen millions of dollars per annum: and if it did not entirely escape the memorable revulsion of that year, yet, most of the important shoe houses that suspended in this city, finally recovered, and paid their obligations in full. New York, on the other hand, presented a striking contrast. There were then in that city twenty-five wholesale boot and shoe houses that received their supplies chiefly from Massachusetts.



Of these, twenty-four failed: and from their failure came nearly all the embarrassments which the business in this State experienced: so that, it might then have been said as pertinently in the shoe trade, as it was recently declared of our banks,—“*Massachusetts will not suspend so long as New York pays her debts.*” Of the twenty-four houses that failed, in 1837, as above stated, few if any paid in full, and many of them made but trifling dividends. Since the year last mentioned, the relative proportion of sales in other cities has been gradually decreasing, though the aggregate is still large: and facts will show that these foreign sales have been less profitable and more disastrous than any other part of the shoe business. Since 1837, the trade has rapidly increased in Massachusetts, and at the present time amounts to more than fifty millions of dollars per annum. Its stability may be seen by the circumstance that, during the unparalleled revulsion of 1857, not a single house of high standing in Boston stopped payment. The practice is now almost universal in this immense business to make no more goods than purchasers will come after and buy here: and the result is, an enormous increase in the amount, and in the profit, as compared with the former system of sending goods after customers. Indeed, the idea of consigning boots and shoes for sale in first hands from Boston to New York, is now no more entertained as being necessary or expedient, than it is in the minds of the cotton manufacturers of Manchester to send their fabrics to London warehouses.

A glance at the Calcutta trade of this city, will afford another illustration of the position that business, commenced by our enterprise, and transacted by our capital, can be retained at home. Our limits do not allow even a brief account of the origin and progress of this branch of commerce: and we can only remark that it has been pursued with an energy on the part of Boston, which has given us the supremacy. The statistics of 1857, show that the freight alone on the imports from Calcutta to this city, amounted to about two millions of dollars, but to less than six hundred thousand dollars to all other ports in the United States; and, that the quantity of merchandise received here was one hundred and forty-seven thousand tons,



against forty-two thousand tons received at New York, Philadelphia, and all the cities of the South. The fact specially pertinent for this occasion is, that, while the importations last year were excessive, and the necessities for sales were imperative beyond example, no resort was had to agencies in New York or elsewhere or to consignments to any extent, to relieve the market of its surplus; but, on the other hand, the wise policy was adopted of awaiting reduction in quantity, and the recovery of price, by the natural course of consumption.

And so, we find further exposition of the views which we endeavor to maintain, in the case of the fisheries of Gloucester, and in that of the whale fishery of New Bedford; since, in both branches, the system of home sales has been established with success, and to avoid the uncertainties, expenses, and losses of the original plan of sales abroad and by consignment. So, precisely in point, is the fact that the manufacturers of print-cloths in Rhode Island, have been able to attract buyers to Providence: and to make that city, for this description of goods, as regards price, the governing market for the whole country.

If, then, the workers and venders of leather, and the merchants engaged in trade with Calcutta, whose means of combination are small compared with those of the workers of cotton and wool; if fishermen who, in the divisions in society, have ever ranked among the humblest and the poorest; and if those who pursue the whale, and those who work merely for calico-printers, have severally succeeded, do not the difficulties in the way of concentrating and controlling the sale of the cotton and woollen manufactures of our own capital, fade away into insignificance.

In the opinion of your Committee, it is entirely at the option of the merchants and capitalists of Boston to establish the market for the sale of their manufactures, where-soever they please.

And is it not time indeed, that, instead of looking, as is too often done, to incidental and remote causes which, by combinations within the limits of possibility, may arrest the growth of this city; we make use of the means which now await and invite improvement to infuse new life into our



commerce, employ our facilities for inland transport, constructed at a cost of many millions of dollars, to invigorate the industry of communities around us; and by all these, effectually to forefend and avert every calamity to either?

But apprehensions exist, as we understand, that the withdrawal of the branch-houses would encourage the manufacture of cottons in places South of New England, and introduce fabrics to compete with those now made almost exclusively in Massachusetts, New Hampshire, and Maine. We own—in all courtesy—that we do not participate in this fear. As we recall instances of the rapid completion of cotton-mills, we are almost tempted to say that they spring up at the mere *will* of corporations or individual manufacturers, and that spindles and looms are as *natural* productions in the North, as the raw material in the South, and breadstuffs in the West. The water power of the Merrimac and the Saco alone, is sufficient to supply cottons for one hundred millions of people; and the vast expenditures made on these and on other rivers to preserve and cheapen this power, will ensure its use whenever it shall all be wanted.

Moreover, the genius of Northern men leads them to invent and to improve every kind of machinery. We have ample skill, experience, and capital. Our soil and climate forbid either large or profitable investments in agriculture. In a word, we are impelled, by the very necessities of our position and condition, to continue to work cotton, and wool, and leather, and to build and employ ships. We cannot abandon these pursuits, because we cannot adopt any others: and, as relates to the working of cotton, we feel able to defy competition. Our staple fabrics have won the favor of consumers everywhere, and nothing but our own folly can drive them from market.

Confessedly, our countrymen of the Middle States are our most formidable rivals. But, under the impulse of a high protective tariff, they accomplished so little, that now, under a change of policy, there seems no present cause of alarm, at the least. Let us examine the matter somewhat in detail. The value of the cotton manufactures in the State of New York, in 1810,—as we ascertain from official

sources—was seventy thousand dollars. The growth since, is just what might have been expected among a people who, in tilling the soil, follow the law of nature; for, after the lapse of twenty-five years, the value had risen to only three millions. In 1840, it was three and three quarters millions: in 1845, it was less than in 1835: in 1850, but three and a half millions: in 1855, short of five millions: while the amount of capital employed fifteen years ago was greater than at this moment, and at no period has exceeded five millions of dollars. The tables before us show, that her manufacturers use annually about sixty thousand bales of cotton, and make sixty-seven and a half millions yards of shirtings and sheetings, and a quantity of batting, warp, felting, wadding, and seamless bags. In all this, there is surely nothing to disturb us. Nor need we trouble ourselves, as we pass to New Jersey; for the yearly value of the cottons made there, is less than one and a half millions of dollars. The manufacture in Pennsylvania is more considerable. And resting upon the statistics alone, and upon the facts that the business is increasing, and that power-looms are rapidly taking the place of hand-looms; we might entertain fears of successful rivalry. But when we remember that the annual value is only six millions; that our own yarns are used to a considerable extent by the weavers in that State; that the fabrics are lighter and cheaper than those of New England, and do not come in general competition with them; and that Boston merchants actually resort to Philadelphia to purchase, because the goods in that market are unlike our own, and necessary to complete an assortment; we may dismiss apprehensions of immediate danger from this quarter. In truth, who that calmly dwells upon the agricultural and mineral resources of Pennsylvania, can conclude that her soil and mines will ever be so far neglected as to allow her to compete with Massachusetts in the products of spindles and looms?

Besides, it may be truly said, that, in the business of manufacturing, we are at least a generation in advance of the Middle States. In the course of the last thirty years, by an experience which has cost us many millions of dollars, we have acquired a position which gives us so great advan-



tages over our rivals, as that we may safely determine to offer our goods for sale here at home, and here alone.

If we adopt this course, the consequent economy in the sale of our manufactures, will enable us to offer such inducements to purchasers as will ensure the sale here and defy competition, so far as manufacturing out of New England is concerned.

It remains to notice the competition which is likely to arise from the manufactures of Rhode Island and Connecticut. Of these, it may be remarked that they consist, for the most part, of a distinct class of goods, different in fabric, and of lighter weight than those of Massachusetts, New Hampshire, and Maine; and that they do not materially interfere with them. If we except prints, and a few fine cottons of good quality, and woolens, they are not of great importance in competition; and it may also be said that Providence has maintained its rank as the leading print cloth market of the country, and that the products of these States generally are beginning to be sold more and more at their own capitals, Providence and Hartford. Were there one principal and controlling market for cotton and woolen fabrics, such as Boston would become, were the goods manufactured upon her own capital sold only here, the products of Rhode Island and Connecticut would naturally flow in this direction, where they were sold before our merchants began to send their goods elsewhere. Furthermore, it may well be considered whether the continuance of branch houses in cities south of New England, does not tend to *encourage* rather than to *discourage* manufactures in those sections.

In the progress of the manufactures of the country, there will undoubtedly be an increase of competition: and one of the means by which advantage is likely to be sought, is by making the point of production as near as possible to the point of sale. The great investments in mills in New England, were made when Boston was nearly the exclusive market for their products: and the vast enterprises completed at Lowell, Manchester, Lawrence, and other places, would, perhaps, never have been undertaken, but for their comparative proximity to this city. The removal of the market for their products to New York only, is placing



this immense property two hundred and fifty to three hundred miles more distant from the market, than when it was constructed, and increasing the disadvantages of working it under competition, in a corresponding ratio. These and other considerations, easily cited, indicate that the preservation not only of the business of this city, but of the value of our manufacturing investments may be materially affected by the sale of their products elsewhere.

It is pertinent in this connexion, to glance at the origin, and to trace the progress of the manufacture of cotton among ourselves. It may be admitted that the struggle to give it, not supremacy, but bare existence, was long and severe: and because British and India goods held the market, and because, the capital of the North was invested in commerce.

Most of the master-spirits who projected the earliest enterprises, and who exhausted mind and money, have passed forever away. First, was Orr, who, at Bridgewater, carded and spun cotton to his ruin; and Somers, the English Midshipman, whose rude machinery was the wonder of the time, and who was passing rich with a gratuity of twenty pounds from the Government. Next, was the same Orr at Beverly, where, again a loser, he begged for, and received, legislative aid.

Then, when the statutes of England prohibited the exportation of machinery, came Slater, who, trusting to his memory of Arkwright's invention, completed, at Pawtucket, without patterns, "a water frame" of twenty-four spindles. The progress, for years after Slater, how slow! At the opening of the present century, a consumption in the whole country of only five hundred, and, in 1805, of only one thousand bales of cotton: but fifteen mills and eight thousand spindles in 1807: eighty-seven mills in 1810, of which, sixty-two were moved by water or by horses, and containing altogether less than half the number of spindles of a first-class factory of our own time.

At last, came those who, in 1814, set up the first powerloom at Waltham: and the bold men who, a few years later, much to the disquiet of two or three hundred people who lived by river fishing on a barren spot on the Merri-



mac, and to the amazement of almost everybody else, founded a manufacturing city, and gave it the honored name of Lowell.

How different, to-day, the statistics of Massachusetts, from those of New York, New Jersey, or Pennsylvania! Within this Commonwealth, are two hundred and ninety-four factories, which employ an invested capital of thirty-two millions of dollars: which contain one and a half millions of spindles: which require an annual supply of one hundred and six millions of pounds of cotton: which weave three hundred and fifteen millions yards of cloth: and which put in market fabrics, yarns, and other manufactures, worth thirty-four millions of dollars yearly.

And the statistics of all New England, how clearly do they prove that supremacy in manufactures is naturally at the North! More than half of the cotton factories in this hemisphere are within her limits; and more than two-thirds of the invested capital belongs to her. Her annual purchase of cotton, on an average of years, is five hundred thousand bales, for which she pays twenty-five millions of dollars, when the price is ten cents the pound. Her mills turn out one-twelfth part of all the cotton goods that are made in all the world; and it is well to remember, that, while the raw material is increased by the manufacture one hundred and fifty per cent. in England, and in France three hundred and fifty, the increase here is less than ninety per cent.: thus showing that ours is the wiser part of making goods for the many rather than for the few, and fabrics which are absolutely necessary for human comfort.

These statements would seem to afford conclusive proof, that our manufacturing interest is far too strong and too well founded to be shaken by any efforts which are likely to be made, in the Middle States, or elsewhere.

Indeed, unless we greatly mistake, the real danger is among ourselves, and in the over-production of our own mills. The consumption of cotton in the United States, in 1843, was only one hundred and thirty-one millions of pounds; but it rose to two hundred and sixty-five millions, in 1853, and to two hundred and eighty-one millions, in 1857; and this vast addition has been caused, principally,



by the increase of machinery in New England. The productive power of Lowell has been nearly doubled within ten years; and much the same accession of spindles and looms has been made at Saco, Manchester and other places.

But whatever shall happen, in consequence of the too rapid augmentation of means to *make* cotton fabrics in the North, we are sure in the conviction, that we shall retain our present rank, during the entire period of our own pleasure. Still, and while we entertain this opinion as relates to the *manufacture*, we are led to apprehend, that a change in the manner of *vending*, can alone save to us that branch of the business. The impression once prevailed almost universally, that Boston was the best, indeed, the only place for the large dealers of the first standing, to purchase the staple articles of American manufactures. That there has been a change of public sentiment in this particular, is obvious enough; and that it is to be attributed to the operations of the branch establishments in New York and Philadelphia, we believe and maintain. And, it may as well be frankly admitted that these establishments have taken away many of the inducements to Southern and Western buyers, to come here. Why should such persons journey to Boston, when they are told, at their far-off homes, that they can purchase of the branch-houses at the Boston price?

Nay, better than this even—for the expense and risk of transport from our warehouses to the branches, are borne, not by purchasers, but by the corporations or individuals that own the goods. But while the parent and the branch houses are supposed to deal with customers alike in cost and terms, the *fact* is, that the competition between them has been constant, and sometimes injurious. In this condition of things, the disturbance to the regular and legitimate trade, and the evil effects upon the business of considerate “jobbers” and retail dealers, is too obvious to need remark.

The most serious injury of all, however, is yet to be mentioned. The branches are fast becoming the governing houses. It must soon come to pass, if the branch establishments are continued, that Boston will merely supply a part of the trade of New England and the British colonies;



and that the distribution of goods to the South and West, and the export trade, will be transferred to other cities.

Of the forty-six millions of dollars of the cotton manufactures of Massachusetts, New Hampshire and Maine, which are originally and annually consigned to the parent and other houses here, nearly half, or of the value of twenty-one millions, are sent already to the branches; and some millions more, which are made in Rhode Island and Connecticut, and which would come to Boston for sale, were the branches to be closed, swell the aggregate to quite twenty-five millions.

To allow, that the division of the trade will remain relatively the same between the branch and parent houses,—which is the most favorable view that can be taken,—is to present a case on which the most hopeful may ponder.

We believe that this business of twenty-five millions can be reclaimed to Boston. The loss of it is two hundred and fifty millions of trade in ten years. To gain this is an object worthy of great effort. Nor is the loss confined to cottons, for, if we sold all of these which are made in our own mills and with our own money, we should probably sell also, two or three times the amount, annually, of other merchandise. That "*Business begets Business*," is a commercial maxim well approved: and it is moderate, we conceive, to compute that the sale of cottons, woolens, and silks of foreign origin, of groceries, and of crockery and glass, of iron, gold, and silver wares, of books and papers, of fish and oil, of dyes and drugs, and of the various manufactures of wood; would be two or three fold greater than the value of American manufactures of cotton alone. To arrive at this conclusion, is to double or triple the statistics of loss. The profits and incidental advantages of fifty or seventy-five millions of trade, annually, to be added to that which we now possess, are of great account. And it is not to be forgotten that the ships and rails, the warehouses and wharves, the hotels and places of public exhibitions and amusements, necessary to accommodate, or to attract, this increase to our business, are already constructed: and that the intellectual ability and pecuniary means to conduct it with ease and success, are here also. Besides,

it is to be mentioned, that the expense annually of maintaining the branch house system,—upon a careful estimate—is four hundred thousand dollars, of which, a large part might be saved, were it to be abolished: while the sums necessary to be disbursed as profits to partners, as emoluments to agents and clerks, as well as for rents, taxes, labor, storage, and insurance, would be expended in Boston or in its vicinity.

Your Committee would gladly close their labors without another word but for the belief that the continuance of the system of vending cottons in the cities of New York and Philadelphia, will lead, in the end, to a still further loss of the business of this city. To us it seems probable, that, as once suggested,—in the constant competition between the parent and the branch houses, the latter will obtain the mastery, and render the former nearly useless; and that thus, Boston, instead of being, as we contend, the *principal* distributor of cottons, will hardly retain a tythe of the trade. The common opinion is, we suppose, that the chief transfer will be to New York, and because that city is, and will remain, the “centre” of the commerce of the country. We dissent. There can be no single “centre” of trade, we venture to think, in this hemisphere. The example of London, so often cited by persons who speak of New York, as the money and business “centre,” of America, is not in point. England is small in geographical surface, and with only one considerable navigable river. Her capital contains the bank of national name and of national dignity and stability, and the government acts with it and for it, in emergencies: and the payment of the interest on a vast public debt, the expenditures of the court and of the aristocracy, and the fiscal operations of the kingdom, are all within its limits. Thus, London has a power in monetary affairs, independent of commerce.

How different here! To waive everything else, how can there be a money “centre” in a country like ours, where there are *many* governments, each independent of the other in financial alarms: a country with a system, which, created by local influences and to be perpetuated by local interests, allows all manner of banks with all manner of managers, and without concert or unity of purpose.



The argument however is, as we understand it, that New York is the great *business* as well as money "centre," and that, therefore, the manufactures of New England must of necessity be sent to that city in order to meet dealers from different parts of the Union. But is it really so?

For all the purposes of this Report the commercial preëminence of New York may be admitted; but, we submit, that the inference drawn therefrom in favor of the branch-house system is theoretical and fallacious.

Perhaps there are no two commercial cities in the world, with business characteristics more alike than New York and Liverpool; yet, we apprehend, no merchant would feel that he had exhausted the English market, when he had searched the warehouses of the latter city. And the reason why, is that there are other markets, and greater ones, for specific products of British industry, nearer to the points of production; where the manufacturers themselves reside, and where assortments are complete. Moreover, the manufacturers of England are, to a great extent, compelled to send their goods to Liverpool for exportation; because it is their nearest seaport, or the only one which furnishes the requisite commercial facilities. No such necessity exists here; for, as has been already stated, we have our own warehouses, ships and rails, and also the means of increasing them to any extent required.

If, therefore, New York has to-day any importance as a *distributor of American cottons and woollens* to wholesale jobbers, in any section of the country, it has been acquired, and can only be retained, by the consent and aid of the manufacturers and capitalists of Massachusetts who have established branch houses, and consigned their goods for sale in that city: in fact, because we have not only allowed her to take away, but have helped her to obtain, a business which cost Boston and Massachusetts millions upon millions of dollars to establish; and which, at this juncture in its history, ought to be one of the chief elements of our prosperity, and which we are competent to manage, in all its branches, better than any other people in the United States.



The jobbers of New York, themselves, once came here to buy in common with those of Cincinnati, St. Louis, Chicago, Charleston, New Orleans and other cities of the West and South, and may, if we please, be induced to do so again.

And, as relates to the rank of New York as an *importer of foreign dry goods*, we have to remark, that, if she has gained any supremacy in this department, it is because those of our merchants, who were principally engaged in this business, gave their attention to *American* manufactures, rather than to the textile fabrics of England and of continental Europe; and, but for this cause, we should have continued to rival New York in this class of imports.

The advantages of Boston for conducting this business are not surpassed by those of any other city in the Union; and it is only necessary to refer to the other branches of our imports, for example, to the India trade, to show that, when attention and capital are directed to that end, the foreign business may be increased at our pleasure. It will, indeed, be a calamity, if, having in part substituted manufactures for the business of importing foreign cottons and woolens, we now transfer the sale of the former, in first hands, to other markets than our own. Yet our opinion is, we confess, that, unless the branch houses are very soon abolished, the sale of our manufactures in Boston will decrease; and that, in the end, when we have lost the business in cottons, and millions of other trades, there will be an alarming decline in all our real and in many kinds of our personal estate; and that we, or our successors, will awake to this fact when too late for remedy.

Your Committee pass to the concluding topics. The "silky down," which Columbus saw, has become a ruling commodity in the commerce of the civilized world, and an essential element in the promotion of civilization itself. The statistics of the culture and of the manufacture of cotton, appear almost fabulous. The American crop, in 1857, was upwards of three millions of bales, of the value of one hundred and forty-six millions of dollars: and the crop of the present year, so rapid is the increase, may be



computed at quite one-tenth part more. Yet, persons are now alive who recall the time when we did not export a single pound: as well as the fact that, at a later period, when a small quantity was shipped to England as an experiment, seizure was made by officers of the revenue, on the ground that so much could not have been produced in the United States. How vast the change!

Liverpool, then an inconsiderable town, ranks now in its trade next to London, and owes its growth and wealth mainly to importing this very American cotton, to the exporting of the finished fabrics, and to the business of supplying the various articles required for the subsistence of persons employed in the manufacture. And Bremen and Hamburg, as importers of the same commodity, and as factors of the States which compose the Germans' Customs' Union, as well as of Switzerland, Austria, Russia, and Sweden, are rapidly becoming rich.

The spindles of Switzerland are less than in Massachusetts by hundreds of thousands; and some are in motion on the highest inhabited peaks in all Europe. Fuel is dear, and the winter of eight months duration. There is not a seaport in the country; and the supply of the raw material depends upon the comity or the caprice of the surrounding nations, whose political sympathies and institutions are dissimilar.

Still, the mills of Switzerland are producers of wealth, and ministers of civilization.

France moves but five millions of spindles: yet her textures, surpassing those of England in fineness and beauty of finish, are three and a half times the value of the raw commodity, and are considered by her statesmen as among the sources of her greatness. And the application we would make of the fact is, that, as Boston is the natural, so it may be made the actual, mart, for the vending of three-fourths as many cotton fabrics as are made in all the mills in France.

In the eleven German sovereignties that have formed a Custom's Union, the manufacture hardly existed previous to the year 1836. The increase in wealth, and the progress



in knowledge and intelligence, during the period which has intervened, are immense. Yet, these thirty-two and a half millions of people, actually spin and weave less cotton annually, than Boston ships unlade at our own wharves.

In the history of a nation, an hundred years is a brief space, for it barely marks the extreme limit of human life. But within a century, the cotton manufacture in England was in its infancy. Nothing else now in the whole range of the industry of man equals it in magnitude. England, commercially considered, is preëminent among the nations of Europe, principally, because she moves twenty millions of cotton spindles; because she works eight hundred and fifty millions pounds of the raw material in a year; because of the three hundred millions of dollars of fabrics and yarns annually made, and of one hundred and ninety millions annually exported. In point of value, she makes and vends one half of all the cotton goods manufactured in the world; and hence wields a moiety of the power which cotton gives in the management of the world's affairs. We are induced to believe, that one-sixth part of the influence of England in this behalf, belongs rightfully to the money, to the experience, and to the skill of Boston; and that to command this share, our merchants and capitalists need but will the abolition of the system of branch-houses.

At the close of the last century, the value of the real and personal estate in this city, was only seven millions of dollars; it was but forty-five millions as late as the purchase of the site of Lowell; but it is now two hundred and fifty-eight millions. Can any one doubt, that the profits and incidental advantages of working cotton, wool and leather, are among the prominent causes of the immense increase?

And will it not be admitted that, if all the cottons consigned for sale in New York and Philadelphia, had been vend<sup>d</sup> here, the increase would have been still greater?

In conclusion, your Committee have performed the duty assigned, in the manner best calculated, in their opinion,



to attract attention to the propositions submitted, and to our manufactures generally. The subject is of vast moment to this Commonwealth and to its commercial capital; hence the time occupied in the communication of our views.

We have endeavored to show that an inquiry into the effects and tendency of the system of branch-houses, could be made by this Board without indecorum; and have sufficiently noticed the objection that buyers are so much in the "*habit*" of resorting to New York, that they cannot be induced to come to Boston. We have attempted to prove that the withdrawal of the fabrics of Massachusetts, New Hampshire and Maine, from New York and Philadelphia, will not encourage manufacturers elsewhere, and so occasion the loss to us of the market in these cities; and to this end have compared the growth of the manufacture in the Middle States with the progress in Massachusetts and in New England generally. We have examined the operation of the system of branch-houses, and have offered reasons for the opinion that it deprives us of many millions of trade annually, and that its tendency is to lessen our business still more.

We have spoken in brief terms of the every day remark that the commercial power of the country will be concentrated at the mouth of the Hudson: and have ventured to say that the great city there owes a portion of its prosperity to our own remissness. We have referred to Liverpool, and to Bremen and Hamburg, to illustrate the wealth to be acquired in the transport and factorage of cotton: and to several countries in Europe, and to England especially, to elucidate the wonderful social and political influence which the making and vending of cotton goods confers upon nations.

And, if these, or the most material of these points have been conclusively, or even partially, established; and, if the discussion has been conducted in a becoming tone and temper, the Government of this Board may not only ask but importune, the directors and stockholders of the corporations interested, to examine the case, and to make such changes

as shall restore to Boston the entire sale, in first hands, of the fabrics which are made in our own mills, and with our own money.

Respectfully submitted for consideration.

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JAMES M. BEEBE,  
WILLIAM B. REYNOLDS,  
SAMUEL HOOPER,  
BENJAMIN E. BATES,  
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MARSHALL P. WILDER,  
EDWARD S. TOBEY,  
THOMAS W. PEIRCE,  
PATRICK T. JACKSON.

*Special  
Committee.*

Boston, December 6th, 1858.